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ABSTRACT

This resource file contains information for Utah high school teachers to help their students meet the state's instructional objectives in the elective economics/free enterprise course. Each activity includes an instructional objective along with a title, topic, time segment, procedures, materials, evaluation, and adaptation. Sample objectives include discussing the advantages to business of combining their assets for the purpose of "monopolizing" the market and evaluating the pros and cons of the national debt. Additional teacher materials, student information sheets, and student activity sheets also are included where applicable. (DB)

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A RESOURCE FILE FOR SOCIAL STUDIES IN UTAH

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LEVEL 10-12

ECONOMICS
FREE ENTERPRISE

SO 022 534

Utah State Office of Education 1981

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The students will define economics. (102)

Secondary Social Studies

TITLE: Defining Economics

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 1 class period

317-201 (102)

D

INSTRUCTIONAL OBJECTIVE:

The students will define economics.

MATERIALS:

Student Information Sheet
Student Activity Sheet (Masters included)
Economics textbooks
Dictionaries

EVALUATION:

After reading definition of economics from several sources, the students will be able to write a definition in their own words to express what economics is. The teacher should be satisfied with the definitions, whether they are expressed orally or in writing.

ADAPTATIONS:

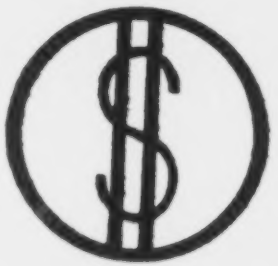
The teacher should feel free to adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. This activity lends itself to a beginning of a unit on economics and the free enterprise system.

2. The teacher should provide economics text books and other resources so that they are available for the student to research and establish a definition for economics.



3. In addition to these resources the student will be assigned to read the Student Information Sheet and then do the Student Activity Sheet. Enough of these sheets should be duplicated for the class.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Of the many disciplines in the social science field, the area of economics probably touches every aspect of our daily lives more than any other.

Economic principles influence decisions we make in career choices, purchases, savings, the food we eat, hobbies, activities, etc.

Sometimes we push aside the study of economics as being too difficult to understand. Americans are often "economically illiterate" for this reason. When approached right the study of economics can be very interesting and in fact exciting as well. When a person has learned the vocabulary of the field of economics the principles of the discipline can be understood without too much effort.

Put simply, economics is a study of the process by which people make and spend their incomes. It looks at the way people satisfy their wants and needs through the production, distribution, and consumption of goods and services.

As you study economics, you will find that there are many different viewpoints among economists. It is often difficult for economists to agree upon a course of action. Sometimes these different philosophies become confusing. You will want to learn about these different economical views and decide which one you most agree with personally.

Secondary Social Studies TITLE: Defining Economics	TOPIC: Economics Free/Enterprise	Student Activity Sheet	317-201 (102) D

To the student:

1. Read the information sheet as an introduction to your study of economics.

2. Then using economic textbooks, other resources in your room or school media center, and a dictionary, find at least 3 different definitions for economics. Read them carefully and think about what it is telling you about the field of economics.

3. On a separate sheet of paper, write a definition in your own words for economics and be prepared to share it with your teacher or the class if you are asked to do so.

4. After you complete the activity, put your paper in the place designated by your teacher.

The students will explain the economizing problem and discuss the basic economic questions. (102)

317-203
This activity will be located with objective 202

The students will name and briefly evaluate three types of economic systems and, in general, describe how each attempts to answer the basic economic questions. (106) (V)

Secondary Social Studies

TITLE: Basic Economic Question

TOPIC: Economics Free/Enterprise

TIME SEGMENT: 1 class period

317-202 (102)
317-203 (106) D

INSTRUCTIONAL OBJECTIVE:

The students will explain the economizing problem and discuss the basic economic questions. The students will name and briefly evaluate three types of economic systems, and in general, describe how each attempts to answer the basic economic questions.

MATERIALS:

Student Activity Sheet (Master included)
Economic textbooks
Other resources

EVALUATION:

Students will identify in writing and to the satisfaction of the teacher, the three types of economic systems and how each relates to the basic economic questions.

ADAPTATIONS:

The teacher should feel free to adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. The students need to have established a background for this activity by reading in economic textbooks and other resources. Class discussions could also lead to an understanding of the three types of economic systems.

2. Duplicate enough copies of the Student Activity Sheet.

3. Provide time and necessary resources to complete the activity. If you wish, students may then share their charts with the rest of the class.

Evaluation and Comments on Activity:

Students: _____

_____

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Teacher: _____

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Secondary Social Studies TITLE: Basic Economic Question	TOPIC: Economics Free/Enterprise	Student Activity Sheet	317-202 (102) 317-203(106) D

To the student: In your textbook and other resources review the 3 types of economic systems. Summarize how each would answer the 4 economic questions. Put your paper in the place designated by your teacher

	Free Enterprise	Communism	Socialism
1. What shall be produced?			
2. How shall goods and services be produced?			
3. Who receives the goods and services produced?			
4. How fast shall the economy grow?			

The students will identify and briefly explain the economic goals in the American economy. (103) (V)

This activity will be located with Objective #204

The students will discuss some of the incompatibilities of the American economic goals. (108) (V)

Secondary Social Studies

TITLE: American Economic Goals

TOPIC: Economics

TIME SEGMENT: 1-2 class periods

317-204 (103)
317-205 (108) D

INSTRUCTIONAL OBJECTIVE:

The students will identify and briefly explain the economic goals in the American economy.

The students will discuss some of the incompatibilities of the American economic goals.

MATERIALS:

Student Activity Sheet
(Master included)
Economic textbooks, other resources

EVALUATION:

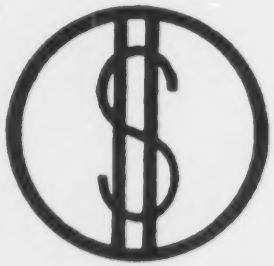
Students will identify in writing and briefly explain the economic goals in our American economy. They will also be able to discuss specific examples of how these goals are often in conflict with one another.

ADAPTATIONS:

The teacher should feel free to adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:



1. Duplicate as many Student Activity Sheets as needed.

2. Students will need a substantial background in the American economic system before attempting this activity.

3. Be sure they have read widely in economic textbooks and other resources available in the school and that they have participated in discussions which has given them a basic understanding of some of the principles and concepts of the American economic system.

4. For this activity, have students divide into small groups of 3-5 students. Have them follow instructions on the Student Activity Sheet. Allow time for discussion, then provide time for the students to share the ideas of their group with the rest of the class.

Evaluation and Comments on Activity:

Students: _____

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_____

Teacher: _____

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Secondary Social Studies TITLE: American Economic Goals	TOPIC: Economics	Student Activity Sheet	317-204 (103) 317-205 (108)	D

To the student:

After you have read and discussed the subject of economic goals, choose two or three other students to work with in a small group and do the following activities. Be prepared to report back to the total class.

1. With your group, discuss the six goals of the American economy listed below. Come to a consensus with your group in ordering these goals from the most important to the least important. Be prepared to defend your reasons for the choices you have made.

   Economic Goals:

   a. Economic freedom - the freedom of the individual to make economic choices
   b. Economic efficiency - using limited resources in the most efficient way
c c. Economic growth - the desire for increasing the standard of living
   d. Economic stability - smoothing out the peaks and valleys of business activities
   e. Economic justice - the most fair distribution of the nation's wealth
   f. Economic security - the desire for every person to maintain a certain minimum level of living

2. In what ways do some of the economic goals conflict with one another? Is it possible, for example, to have economic stability without encroaching upon an individual's economic freedom? (For example, the implications of regulation of interest rated by the Federal Reserve).

3. Prepare a report to present to the rest of your class.

This activity will be located with Objective #206

The students will identify the market equilibrium point on a supply and demand graph. (103)

This activity will be located with Objective #206

The students will define the law of demand and the law of supply. (103)

Secondary Social Studies

TITLE: The Law of Supply and Demand

TOPIC: Economics

TIME SEGMENT: 1 class period

317-206, 207, 208 (103) D

INSTRUCTIONAL OBJECTIVE:

Given supply and demand schedules, the students will graph the supply and demand curves. The students will identify the market equilibrium point on a supply and demand graph. The students will define the law of demand and the law of supply.

MATERIALS:

Student Activity Sheets pages 1-3 (Masters included)
Economics textbooks, other economic resources

EVALUATION:

Students will complete a supply and demand graph to the satisfaction of the teacher, locating the market equilibrium point and being able to explain its significance.

ADAPTATIONS:

The teacher should feel free to adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. This activity will be a logical followup to readings and discussions of the law of supply and demand.
2. Duplicate enough of the Student Activity Sheets for the students.
3. Assign students to do the activity and turn in their completed graph to the place you designate.

Evaluation and Comments on Activity:

Students: _____

_____

_____

Teacher: _____

_____

_____

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Secondary Social Studies TITLE: The Law of Supply and Demand	TOPIC: Economics	Student Activity Sheet Page 1	317-206, 207, 208 (103) D

To the student:

In a free market, prices are determined primarily by supply and demand. The amount of a product that is available to buy and the amount of that product that is wanted by the consumer established the price that product will sell for in the market.

One of the jobs of an economist is to use methods of analyzing using graphs and tables to study the supply and demand to determine the price of a product.

Suppose you have gone into business for yourself selling a product such as popcorn balls. The willingness and ability of consumers to buy your product at a given time is said to be the demand for that product. You could put that information into a graph form to analyze the number of popcorn balls that could be sold at 20¢, 30¢, 40¢ and so on. This would be called a demand schedule. By watching the sale of your product at various prices you have arrived at the following demand schedule.

Demand schedule for Popcorn Balls

Price	Quantity
60¢	0
50¢	1
40¢	5
30¢	8
25¢	10
20¢	15
15¢	25
10¢	30
5¢	45

On the grid on the following page, graph this information. This will give you the demand curve for your product. The demand curve can help you decide on a price you should try to sell your product. Be sure to put the prices on the vertical lines and the quantity demanded on the horizontal lines.

1. Why was there no demand for popcorn balls at the price of 60¢?

2. What happened to the demand for popcorn balls as the price went down?

You now have an idea of the demand for your product. But another factor enters into the picture. You are in this business to make money for yourself. So, how many popcorn balls will you be willing to supply at the various price levels. This information may also be graphed. This would be called a Supply Schedule. You could put this information into graph form also to analyze how many popcorn balls you would be willing to sell at 20¢, 30¢, 40¢, etc.

Supply Schedule for Popcorn Balls

Price	Quantity Supplied
60¢	70
50¢	65
40¢	50
30¢	40
25¢	25
20¢	20
15¢	10
10¢	5
5¢	0

Add this supply information to your grid. Notice the curve tends to move just the opposite from what your demand curve did.

1. Why would you be unwilling to supply any popcorn balls at 5¢ each?

2. Why were you more willing to supply popcorn balls as the price went up?

3. At what point on your graph did the supply curve and the demand curve intersect or cross?

4. This point is called the equilibrium point. It tells you the ideal price at which your popcorn balls should be sold. What price would be the ideal selling price for your popcorn balls?

5. Supply and demand analysis helps to set the _____ of commodities.

Evaluation and Comments on Activity:

Students: _____

_____

_____

Teacher: _____

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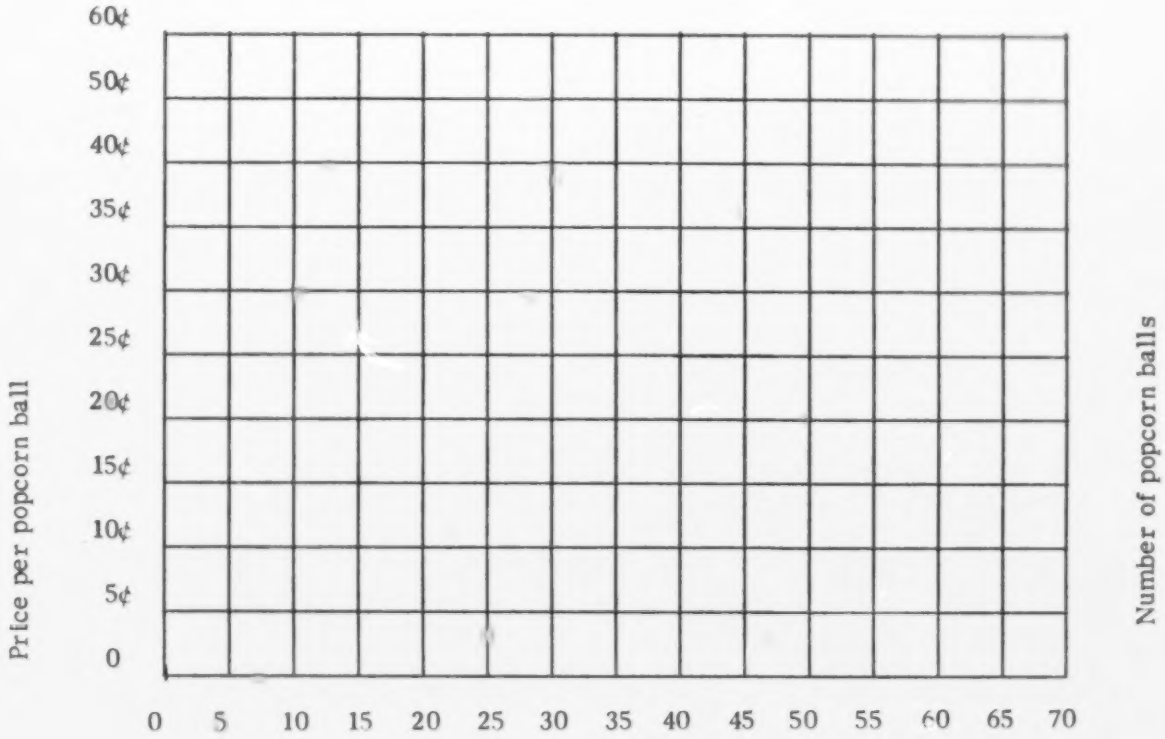
_____



After you have completed the graph, put your paper in the place designated by your teacher.

The students will explain the rationing function of price. (103)

Secondary Social Studies

TITLE: Rationing Function of Price

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 1 class period

317-209 (103)

D

INSTRUCTIONAL OBJECTIVE:

The students will explain the rationing function of price.

MATERIALS:

Student Information Sheet
Student Activity Sheet
Textbooks and other resources

EVALUATION:

Students will explain in writing or orally the meaning of the term rationing and how it operates in setting the price of a commodity.

ADAPTATIONS:

This activity could be assigned to individuals as an independent activity if desired.

PROCEDURE:

To the teacher:

1. This activity should be used in conjunction with a study of the law of supply and demand. Use with activities 317-206 to 317-208.

2. Divide the class into small groups.

3. Provide each group with a Student Information Sheet and a Student Activity Sheet.

4. Assign each group to choose one person to read the information sheet.

5. Then have the group discuss the situation included in the activity sheet.

6. Provide time for each group to summarize the results of their discussion.

Evaluation and Comments on Activity:

Students: _____

_____

_____

Teacher: _____

_____

_____

Secondary Social Studies TITLE: Rationing Function of Price	TOPIC: Economics Free Enterprise	Student Information Sheet	317-209 (103) D

If you were a businessman you would be concerned with keeping your prices high enough for you to make a profit, but low enough that people will still buy your product.

As you have read, supply and demand are the two factors that effect price in a free enterprise system. By graphing the supply and demand curves it is possible to visualize the changes in price that occurs when the supply of a product rises or falls and likewise the customer demand for that product increases or decreases.

There have been times in history when the supply of a product has not kept pace with the demand. During the war years, a shortage of sugar and other basic commodities occurred. The shortage was so great that rationing had to be imposed by the government.

Rationing or the limiting of a commodity in short supply is a way of insuring it will be used sparingly. There are several ways that rationing can occur. If there is a great demand for a product in short supply, the price can keep rising and in a sense limit, the purchase of the product because the price gets so high people can no longer afford it.

Other ways of rationing a product in short supply are making it available on a first come, first served basis, forcing the rationing as in the government using ration stamps, working out a sharing arrangement, allocating according to greatest need, and using lottery method.

Secondary Social Studies TITLE: Rationing Function of Price	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-209 (103) D

To the student:

1. With the small group you have been assigned, choose one person to read the Student Information Sheet aloud to your group.

2. Read each of the situations below and determine what method or methods of rationing would best control or limit the distribution of that product. Discuss the alternatives with your group.

   A. 50,000 World Series tickets are available. 150,000 fans would love to see the game.

   B. A severe drought has damaged the wheat crop across the country. The price of a loaf of bread has risen, yet people are lined up in front of bakeries for the limited number of loaves available.

   C. A shortage of gasoline and oil has developed. Long lines of cars can be seen at every service station.

   D. During World War II factories were used first for production of war goods, as a result food commodities such as sugar became scarce. Shoes were also in short supply.

3. Examine your alternatives in terms of fairness. Which methods of rationing are most fair? Which people would be hurt more by your chosen method?

The students will describe the effects which population, income, taste, future expectations, substitutes, and complements have on demand. (103)

Secondary Social Studies

TITLE: Effects on Demand

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 2 class periods

317-210 (103) D

INSTRUCTIONAL OBJECTIVE:

The students will describe the effects which population, income, taste, future expectations, substitutes, and compliments have on demand.

MATERIALS:

Student Activity Sheet
Textbook
Reference materials
Answer Key

EVALUATION:

The students will complete the activity to the satisfaction of the teacher.

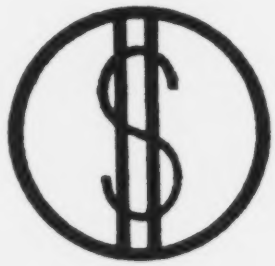
ADAPTATIONS:

The teacher may adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. Include this activity into a unit on supply and demand.
2. Duplicate enough copies for those assigned to complete the activity.
3. Establish deadlines and other management requirements.
4. Part B of the Student Activity Sheet can be done as a small group activity.
5. Use Part B as a springboard for class discussion.



Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

_____

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Secondary Social Studies TITLE: Effects on Demand	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-210 (103) D

To the student:

A. Describe the effects the following can have on demand. Write answers on a separate piece of paper.

1. population
2. income
3. taste
4. future expectations
5. substitutes
6. compliments

B. Select one of the following activities to complete:

1. Make a list of substitutes in the areas of food, clothing, and shelter. Compare the costs of the substitutes with the costs of the original products.
2. Tell how tastes may have changed since World War II as to food, shelter, and clothing.
3. How are current attitudes and expectations concerning the future affecting the economy?

A. 1. Population - changes in size and composition of the population will increase or decrease the demand for a product.

2. Income - changes in demand will vary directly with changes in income. If income decreases, less of particular items will be purchased. The reverse is true if income rises. An exception occurs when income decreases. The purchase of "inferior," less costly goods then increases.

3. Taste - people's desire for different products change from time to time. Change in preferences or taste will bring a shift in the demand curve. This does not affect the price of the product.

4. Future Expectations - If consumers expect prices to rise, they often increase their purchases prior to the anticipated price increase, thus increasing demand. If lower prices are anticipated, consumers often delay purchases, thus reducing demand.

5. Substitutes - some products are substitutes for others. The more you purchase of one, the less you purchase of the other.

6. Compliments - some goods go together. The purchase of one increases the purchase of the other. An increase in automobile sales will affect the demand for gasoline. Automobiles and gasoline are considered complements.

B. Answers will vary.

The students will diagram and explain the free market model. (606) (V)

71

Secondary Social Studies

TITLE: Free Market Model

TOPIC: Economics/Free Enterprise

TIME SEGMENT: One Class Period

317-211 (606)

D

INSTRUCTIONAL OBJECTIVE:

The students will diagram and explain the free market model.

MATERIALS:

Student Activity Sheet
Textbook
Reference materials

EVALUATION:

The students will complete the activity to the satisfaction of the teacher.

ADAPTATIONS:

The teacher may adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. Integrate this activity into a unit on the price system in a free market economy.
2. Duplicate Student Activity Sheet or write questions on the chalk board.
3. Set time limits and other management requirements for successful completion of the activity.
4. Have some of the students put their models on the chalk board as a basis for discussion.

KEY:

1. The term model as it is used here means any diagram or scheme used to explain or describe relationships.
2. The critical elements of a free market model are the interaction on supply and demand; decision making by many individuals rather than by central planning; sellers try to get the highest possible prices for their goods and services while consumers try to get the lowest.
3. Results may vary as to detail.

Evaluation and Comments on Activity:

Students: _____

_____

_____

Teacher: _____

_____

_____

Secondary Social Studies TITLE: Free Market Model	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-211 (606) D

To the student:

In this activity, you will be expected to diagram and explain the free market model. Since there are many definitions of the word model, it is necessary that you know the definition of the word as it is used in this activity.

1. Define the term model as it is used in the above paragraph.

2. Describe the critical elements of the free market model.

3. Using the information you have gathered to answer Question No. 2, diagram the free market model.

The students will describe the effects which production techniques, resource prices, prices of other goods, number of producers, and future price expectations have on supply. (103)

Secondary Social Studies

TITLE: Effects on Supply

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 2 class periods

317-212 (103)

D

INSTRUCTIONAL OBJECTIVE:

The students will describe the effects which production techniques, resource prices, prices of other goods, number of producers, and future price expectations have on supply.

MATERIALS:

Student Activity Sheet
Textbook
Reference resources
Answer Key

EVALUATION:

The students will complete the activity to the satisfaction of the teacher.

ADAPTATIONS:

The teacher may adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. Include this activity into a unit on supply and demand.
2. Duplicate sufficient copies for those who have been assigned this activity.
3. Establish deadlines and other management requirements.
4. Part B of the Student Activity Sheet could be modified for small group activity.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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_____

A. 1. Improved production techniques which reduce production costs can bring on increase in supply. That which reduces production costs usually increases supply.

2. Resource prices - a change in the price of resources or materials used in production can affect the supply of goods. An increase in costs can reduce profits, thus reducing supply. A reduction in costs can increase profits, thereby increasing supply.

3. Prices of other goods - a producer often produces a number of products (goods). If one of the products becomes more profitable than the others, the resources are often shifted to increase the production of the more profitable item.

4. Number of producers - the greater number of producers of a product, the greater will be its supply. If the number of producers declines, the supply of the product declines as well.

5. Future price expectations - producers expectations for selling prices of their goods may affect their willingness to provide the product.

B. Answers will vary.

Secondary Social Studies TITLE: Effects on Supply	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-212 (103) D

To the student:

A. Describe the effects the following factors have on supply:

1. Production techniques
2. Resource prices
3. Prices of other goods
4. Number of producers
5. Future price expectations

B. Select one of the following activities to complete:

1. Research the effect scarcity has on value and price.

2. Make a list of products which technology has made more available and compare their earlier prices with their current prices.

3. Find out a variety of products that are made from petroleum. How has the price of oil affected these products? Give examples.

The students will describe the function of advertising in the free enterprise economy. (103) (V)

Secondary Social Studies

TITLE: The Function of Advertising

TOPIC: Economics/Free Enterprise

TIME SEGMENT: outside class commitment

317-213 (103)

D

INSTRUCTIONAL OBJECTIVE:

The students will describe the function of advertising in the free enterprise economy.

MATERIALS:

Student Activity Sheet
(Master included)
Textbook, magazines and newspapers, other economic resources
Access to a television set

EVALUATION:

Students will describe in writing or discuss orally the function of advertising in a free enterprise system to the satisfaction of the teacher.

ADAPTATIONS:

The teacher should feel free to adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. Duplicate enough Student Activity Sheets for the students.
2. After the students have read about advertising and discussed this subject in class, they will be prepared to complete this activity.
3. This activity calls for viewing commercials on television and evaluating newspaper and magazine advertising which will be done primarily out of class.
4. Direct students to read the Student Activity Sheet carefully and complete the assignments.
5. You may want to provide time in class to discuss the activity and summarize the students' conclusions.

Evaluation and Comments on Activity:

Students: _____

_____

_____

Teacher: _____

_____

_____

Secondary Social Studies TITLE: The Function of Advertising	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-213 (103) D

To the student:

Advertising in a free enterprise economy plays a vital role in keeping the public informed about new products and services. On a separate piece of paper, complete the following activity:

1. List as many possible places for manufacturers to advertise their products as you can.

2. If you were a businessman and had a product or service available, what sources might you choose in which to advertise? Why would you choose that particular medium over some other medium?

3. Watch television commercials for one full evening. Take notes on the types of products advertised.
   What information does the commercial include?
   What does the commercial tell you about the product?
   As a consumer how would you decide what products to buy?
   Why or why not?

4. Make a scrapbook of clippings of advertising from magazines and newspapers. Analyze these ads in terms of:
   What information does the advertisement contain?
   What other information might you want to know about this product?
   As a consumer would you want to buy that particular product?
   Why or why not?

After you have completed the activity, put your paper in the place designated by your teacher.

The students will explain the function of profits in the free enterprise system. (103) (V)

Secondary Social Studies

TITLE: Profits in the Free Enterprise System

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 30-45 minutes

317-214 (103) D

INSTRUCTIONAL OBJECTIVE:

Students will explain the function of profits in the free enterprise system.

MATERIALS:

Student Activity Sheet
(Master included)
Text, general reference materials

EVALUATION:

Successful completion of the Student Activity Sheet to the satisfaction of the teacher.

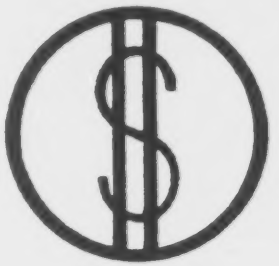
ADAPTATIONS:

Question #3 on the Student Activity Sheet can be done independently, but it would make an excellent question for small group interaction.

PROCEDURE:

To the teacher:

1. This activity should be used as a part of a larger unit on the free enterprise system. Integrate the activity where appropriate.
2. Duplicate copies of the Student Activity Sheet as needed.
3. Set appropriate time limits.



Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Profits in the Free Enterprise System	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-214 (103) D

To the student:

Answer the following questions:

1. Define the following terms:

   a. profit

   b. profit motive

   c. free enterprise system

2. Using the definitions of the above three terms, discuss what you think the function of profit is in the free enterprise system.

3. What do you think could happen in our country if a law was passed making profits illegal?

After you have finished this activity, put your paper in the place designated by your teacher.

The students will describe the effects which opportunity cost, fixed cost, variable cost, total cost, marginal cost, and average cost have on the productivity of goods or a service. (103) (V)

Secondary Social Studies

TITLE: Production of Goods and Services

TOPIC: Economics/Free Enterprise

TIME SEGMENT: One or more class periods

317-215 (103)

D

INSTRUCTIONAL OBJECTIVE:

The students will describe the effects the various cost factors have on the production of goods or services.

MATERIALS:

Textbooks
Reference materials

EVALUATION:

The students will complete the activity to the satisfaction of the teacher.

ADAPTATIONS:

The teacher may adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. Divide the class into groups of three to five students each.

2. Assign each group a business. Have a balance between businesses providing a service and those providing goods. Some suggestions are

psychologist	restaurant
motorcycle sales and repair	dentist
novelty shop	lawyer
carpenter	travel agency
tailor	builder

photographer

3. Each group is to determine what factors (costs) have to be considered in arriving at a price for their services. After they have determined cost factors, have them classify them as to fixed costs or variable costs.

4. This can be a very general activity in which just the general cost areas are identified, or it can be made very specific by having students find current cost figures for the factors they have identified (office rentals, equipment costs, salary scales, etc.)

5. After determining how detailed you want the activity, set deadlines and other management procedures such as group chairmen, recorders, etc.

6. Have the groups report to the class telling how and why they arrived at their conclusion.

7. After groups have reported, ask if any of them considered the question of competition at arriving at a cost for the service or goods. Discuss.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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The students will discuss the interaction of demand of supply and how they determine prices and quantities of goods and services in a nonplanning free market system. (606)

Secondary Social Studies

TITLE: Supply and Demand

TOPIC: Economics/Free Enterprise

TIME SEGMENT: One Class Period

317-216 (606)

D

INSTRUCTIONAL OBJECTIVE:

The students will discuss the interaction of demand and supply and how they determine prices and quantities of goods and services in a nonplanning free market system.

MATERIALS:

Student Activity Sheet
Textbook
Reference material
Answer Key

EVALUATION:

Completion of the Student Activity Sheet to the satisfaction of the teacher.

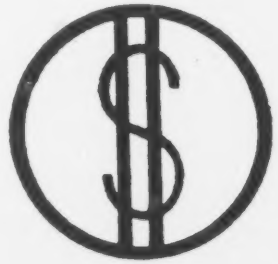
ADAPTATIONS:

The teacher may adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. Integrate the activity into a unit on the price system in a free market economy.
2. Duplicate enough copies of the Student Activity Sheet for the students.
3. Set time limits and other management requirements.
4. Since the Student Activity Sheet is designed to establish a knowledge base on supply and demand, extension activities could be provided for students to graph supply and demand curves on certain goods and services. These can be hypothetical.



Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Supply and Demand	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-216 (606) D

To the student:

To see the relationship of supply and demand, complete the following questions:

1. Define demand.

2. What is the law of demand?

3. What does a demand curve show?

4. Define supply.

5. What is the law of supply?

6. What does a supply curve show?

7. What is meant by equilibrium price?

Secondary Social Studies TITLE: Supply and Demand	TOPIC: Economics Free Enterprise	Answer Key	317-216 (606) D

1. Define demand. Various amounts of a commodity or service that consumers are willing and able to purchase at possible alternative prices during a given period of time. Demand means both the desire and ability to pay. The quantity purchased depends on price.

2. What is the "law of demand"? - The quantity demanded of a good varies universally with its price.

3. What does a "demand curve" show? It shows the relationship between price and quantity.

4. Define supply. Various amounts of a product or service that sellers are willing to make available for sale at possible alternative prices during a given time period.

5. What is the law of supply? There is a direct relationship between price and the quantity supplied.

6. What does the supply curve show? It shows the relationship between price and quantity.

7. What is meant by equilibrium price? It is the price at which the market demand and supply are equal.

The students will explain the advantages and disadvantages of the free enterprise system. (806)
(V)

Secondary Social Studies	TOPIC: Economics/Free Enterprise	317-217 (806)
TITLE: Advantages and Disadvantages of the Free Enterprise System	TIME SEGMENT: 1 class period	D

INSTRUCTIONAL OBJECTIVE:

The student will explain the advantages and disadvantages of the free enterprise system.

MATERIALS:

Student Activity Sheet
(Master included)
Text, general reference books

EVALUATION:

The student will complete the activity to the satisfaction of the teacher.

ADAPTATIONS:

The teacher should feel free to adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. Integrate this activity into an appropriate unit.
2. Duplicate the Student Activity Sheet as needed.
3. The guide can be completed by students individually or as a group activity. If it is a group activity, then each group must arrive at a consensus as to advantages and disadvantages.

4. It must be remembered that perceptions may vary as to advantages and disadvantages. Therefore, the activity must allow for that factor.
5. After completion of the student activity sheet by individuals or groups, allow time for class discussion. Be sure to have students support their point of view.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Advantages and Disadvantages of the Free Enterprise System	TOPIC: Economics Free Enterprise	Student Activity Sheet	(317-217 (806) D

To the student:

To complete this activity, you may have to consult many sources. Most likely, they will not list advantages and disadvantages. You may have to infer them from the data you collect.

1. Write the definition of the term "free enterprise."
2. By what other terms is the free enterprise system known?
3. List what you believe to be the most important characteristics of the free enterprise system.
4. List what you believe to be the main disadvantages of the free enterprise system. Tell why you think so.
5. List what you believe to be the main advantages of the free enterprise system. Tell why you think so.
6. What other economic systems, if any, have tried to correct the disadvantages they felt existed in the free enterprise system?

When you have finished, put your paper in the place designated by your teacher.

The students will explain the importance of both households and businesses in the free enterprise system. (808) (P, V, C)

Secondary Social Studies

TITLE: Effects of Households and Businesses

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 1 period

317-218 (808)

D

INSTRUCTIONAL OBJECTIVE:

The students will explain the importance of both households and businesses in the free enterprise system.

MATERIALS:

Student Information Sheet
Student Activity Sheet
(Masters included)

EVALUATION:

Students will answer the questions on the Student Activity Sheet to the teacher's satisfaction.

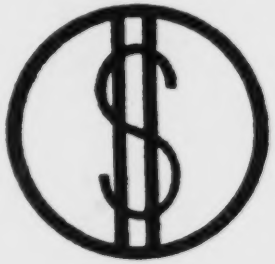
ADAPTATIONS:

Students can create their own situations and discuss possible related solutions.

PROCEDURE:

To the teacher:

1. The student should have some background on the free enterprise system.
2. Have students read the information sheet.
3. Duplicate enough Student Information Sheets and Student Activity Sheets as needed.
4. The questions on the activity sheet can be discussed orally in large and small groups or written up.



Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Effects of Households and Businesses	TOPIC: Economics Free Enterprise	Student Information Sheet	317-218 (808) D

The decisions of a free enterprise system are primarily made by households and business firms.

The first and probably the most important element of the American economy is the nation's households. This group is the ultimate supplier of human resources and the major purchaser of its goods and services. How consumers spend their income has a real impact on the size as well as the composition of the nation's total production.

The second and a very important part of the private sector of the American economy is the business firms. They supply goods and services according to the needs of the households as well as provide employment. So important are they that between 80 and 90 percent of the productive activity in the economy is carried on by approximately eleven million firms.

Secondary Social Studies TITLE: Effects of Households and Businesses	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-218 (808) D

To the student: Read the following situation. Then answer the questions about this hypothetical situation.

Within a town there is a shoe factory which produces hiking boots, running shoes, and ski boots. This footwear was sold to the people in the households of the community. Household members worked in the shoe factory. For some reason the hiking boots were not being purchased. There was no demand at all for them by the people in the households.

The management of the shoe factory business found it necessary to stop production of the hiking boots. This meant the households working for that business in the hiking shoe section would be out of work.

The effect:

What might the householders out of work need to do?
Would this affect other businesses in the area? Explain.
What might the business do in order to compensate for the hiking boot loss.

Conclusion:

List some ways households are important to business.
List some ways businesses are important to households.
Why are both businesses and households important to the free enterprise system?

After you are finished, put your paper in the place designated by your teacher.

The students will list and discuss the advantages and disadvantages of the single proprietorship, partnership, cooperative and corporation forms of business organizations. (103) (V)

Secondary Social Studies

TITLE: Types of Businesses

TOPIC: Economics/Free Enterprises

TIME SEGMENT: 1 class period

317-219 (103) D

INSTRUCTIONAL OBJECTIVE:

The students will list and discuss advantages and disadvantages of the single proprietorship, partnerships, co-operative and corporation forms of business organizations.

MATERIALS:

Student Activity Sheet (Master included)
Text
General reference books

EVALUATION:

The students will complete the activity to the satisfaction of the teacher.

ADAPTATIONS:

The teacher should feel free to adapt this activity to the needs of the class.

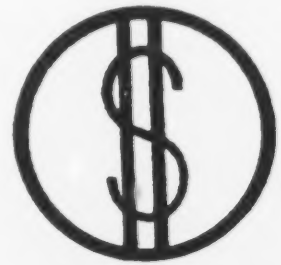
PROCEDURE:

To the teacher:

1. This activity may be included in a unit on business organization.

2. Duplicate copies of Student Activity Sheet or write activity on chalkboard.

3. An answer key is not included because advantages and disadvantages will vary according to the frame of reference of the student.



4. Show students the reference books they dould use to find out about the forms of business organizations.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Types of Businesses	TOPIC: Economics Free/Enterprises	Student Activity Sheet	317-219 (105) D

To the student:

Businesses are established to satisfy, in some way, the needs and wants of the people. These businesses are of four principal types. The type of organization a business takes determines the laws by which it will be regulated as well as such issues as liability, taxes, management, and financing.

Below are listed the four principal types of business organizations. Find out what each type is and list what you think the advantages and disadvantages of each would be. Use additional paper if necessary.

1. Single proprietorship
   a. advantages

   b. disadvantages

2. Partnership
   a. advantages

   b. disadvantages

3. Cooperative
   a. advantages

   b. disadvantages

4. Corporations
   a. advantages

   b. disadvantages

After you have completed this activity, put your paper in the place designated by your teacher.

The students will define and differentiate between stocks and bonds as corporate securities. (103)

Secondary Social Studies

TITLE: Stocks and Bonds

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 30 minutes

317-220 (103)

D

INSTRUCTIONAL OBJECTIVE:

The students will define and differentiate between stocks and bonds as corporate securities.

MATERIALS:

Student Activity Sheet (Master included)
Economic textbooks
Encyclopedias
Other economic resources

EVALUATION:

Given the terms "stocks" and "bonds" the student will write a definition for each and express the differences between the two types of securities to the satisfaction of the teacher.

ADAPTATIONS:

The teacher should feel free to adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. This activity requires the student to have access to copies of economic textbooks, other resources from the media center, encyclopedias etc.

2. Duplicate enough Student Activity Sheets for the class.

3. Provide time for students to work through the activity and if desired provide time for them to discuss their definitions and share their ideas concerning the differences between the two types of securities.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Stocks and Bonds	TOPIC: Economics/ Free Enterprise	Student Activity Sheet	317-220 (103) D

To the student:

For this activity you will need to use at least 3 resources, one of which may be an encyclopedia. Read about "stocks" and "bonds" in these resources.

1. Write your own definition for both of these terms.

2. What is the difference between the two types of securities?

3. In what ways are these two types of securities alike?

4. If you had $1,000 to invest, would you choose to buy stocks or bonds?

5. Why would that be your choice?

6. After you have answered the questions, put your paper in the place designated by your teacher.

The students will discuss the advantages to business of combining their assets for the purpose of "monopolizing" the market. (803) (V)

Secondary Social Studies

TITLE: Business Monopolies

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 1 period

317-221 (803)

D

INSTRUCTIONAL OBJECTIVE:

The students will discuss the advantages to businesses of combining their assets for the purpose of "monopolizing" the market.

MATERIALS:

Student Information Sheets Pages 1,2
Student Activity Sheet
(Masters included)
Encyclopedia and other material discussing business monopolies

EVALUATION:

Students will respond in a small group or write a paper discussing the problem on the Student Activity Sheet, to the teacher's satisfaction.

ADAPTATIONS:

Students may do research to find actual businesses around the world that have been or are now monopolies and explain the advantages to those businesses in forming a monopoly.

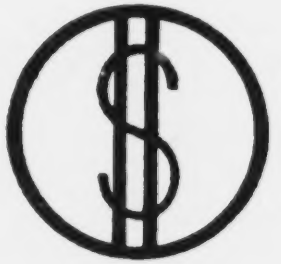
PROCEDURE:

To the teacher:

1. Have the student read the information sheet and, if desired, additional information concerning business monopolies.

2. Have students work in small groups or independently to answer the problems on the Student Activity Sheet.

3. As suggested in adaptations, have students do continued research concerning advantages to businesses in combining to form a monopoly.



Evaluation and Comments on Activity:

Students: _____

_____

_____

Teacher: _____

_____

_____

Monopoly is a term used to describe selling conditions in a market. It comes from the Greek monos meaning single, and polein, which means to sell. It exists when a single producer (business, firm, seller, company, etc.) controls the supply of products (goods or services) of which there is no close substitute. It can be said there is a monopoly when there is one control of supply and one control over the purchase price of a product because there is no other competition. There is just the single seller.

Markets and industries in the U.S. range from almost pure monopoly - (one control over a product) to almost pure competition (many produce a product, no one major control.)

Hypothetical Situation

In the large community a bagel company was begun. The cost of production was reflected in the price of the product on the market. Things were going well and the profit margin was good.

Another bagel company opened and began selling to the same market. Soon the first company noticed a decline in their profits. The second company was selling bagels of near the same quality but for less money. Therefore, the first company lowered their retail price. Both companies were getting close to financial difficulty. The market was becoming flodded with bagels which sold at a very low price.

The management of the two companies met together and decided to combine -- they would pool their assets in order to make the bagel industry in this community healthy again.

This meant now they could control prices, they could limit production so as not to flood the market, and they would share the profits.

A third bagel company opened in the same community. The company began selling their product at a lower price.

The other two companies decided to approach the third company so the three of them would have a monopoly over the bagel industry.

If possible, read additional information concerning business and monopolies in your text or in an encyclopedia.

Secondary Social Studies TITLE: Business Monopolies	TOPIC: Economics/Free Enterprise	Student Activity Sheet	317-221 (803) D

To the student:

Discuss the following problem in a group or write your conclusions on a paper and follow the teacher's directions.

1. Why would it be advantages to the first two bagel companies to have the third one join them in order to make a monopoly?

2. Why would it be advantageous for the third company to join with the other two?

3. In your community there is probably a business that has a monopoly or might benefit from organizing a monopoly. Identify one and discuss the advantages of combining assests for the purpose of monopolizing.

4. After you have written an answer to the questions, put your paper in the place designated by your teacher.

The students will define the different business combinations and identify the laws that have been adopted in an effort to control these combinations. (103) (V)

Secondary Social Studies	TOPIC: Economics/Free Enterprise	317-222 (103)
TITLE: Controlling Business Combinations	TIME SEGMENT: 45 minutes	D

INSTRUCTIONAL OBJECTIVE:

The students will define the different business combinations and identify the laws that have been adopted in an effort to control these combinations.

MATERIALS:

Student Activity Sheet (Master included)
Economic textbooks
Other economic resources from media center

EVALUATION:

Given a list of business or corporate combinations, the students will be able to define them in writing and also relate laws that have been passed in an effort to control the combinations.

ADAPTATIONS:

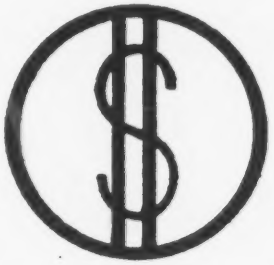
The teacher should feel free to adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. This activity requires that students read in economic textbooks and other resources available in the school concerning the growth and development of corporate combinations such as trust, holding company, etc.

2. The teacher may wish to discuss this subject with the class in preparation for the student to accomplish the activity.



3. Duplicate enough Student Activity Sheets for the class.

4. Provide time for the students to complete the activity. Allow time for class discussion and sharing at the completion of the activity.

Secondary Social Studies TITLE: Controling Business Combinations	TOPIC: Economics/Free Enterprise	Student Activity Sheet	317-222 (103) D

To the student:

In your economics textbook and at least two other resources, read about the subject of business or corporate combinations and what laws have been passed to control them. Then do the following activities:

1. Make a list of vocabulary words you will need to understand for this unit. Include the different types of business or corporate combinations such as corporations, trusts, etc.

2. Write a definition for each of the words you have listed. Put these definitions into your own words.

3. Read about the Sherman Antitrust Act of 1890. What brought about the passing of this legislation? What kinds of limitations on business did this legislation bring about?

4. Give two or three more examples of legislation that have been passed which control these business or corporate combinations.

After you complete this activity, put your paper in the place designated by your teacher.

The students will describe the effects which specialization and comparative advantage have on productivity and interdependence. (103)

Secondary Social Studies TITLE: Specialization and Comparative Advantage	TOPIC: Economics/Free Enterprise TIME SEGMENT: 1 class period	317-223 (103) D

INSTRUCTIONAL OBJECTIVE:

The students will describe the effects which specialization and comparative advantage have on productivity and interdependence.

MATERIALS:

Student Information Sheet
Student Activity Sheet
(Masters included)

EVALUATION:

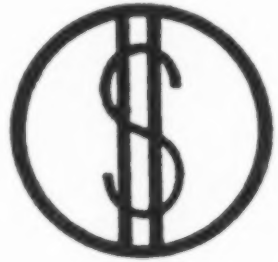
The student will show understanding of the concept by communicating the proper answers to the questions.

ADAPTATIONS:

The ideas can be expanded from small companies to large companies to trade between nations.

PROCEDURE:

To the teacher:



1. Students should be aware of the meaning of the words "productivity" and "interdependence." If not discussed in the classroom, they can be looked up in the dictionary. Be sure students have adequate information to be able to complete the activity.

2. Students will need to read the Student Information Sheets. Students can work alone or the information could be discussed in small groups.

3. Students will solve the problems on the Student Activity Sheet and share their solutions with other students by:

a. writing.
b. recording.
c. discussing in small groups.
d. another way which the teacher designates.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Specialization and Comparative Advantage	TOPIC: Economics/Free Enterprise	Student Information Sheet	317-223 (103) D

Specialization

A term used by busines to describe an operational technique for bringing about greater efficiency as a result of assigning an employee to perform one particular operation is called specialization. For example, in the making of furniture, a worker could be assigned to make an entire rocking chair which would involve performing all the tasks that would be required for production; or a worker could be assigned to one of the tasks involved in making the rocker, such as attaching the arms. If the worker's sole responsibility is to attach the arms to the body of the chair, he is said to be specialized.

Division of labor is a term sometimes used for specialization. This method usually benefits both the worker and the consumer. In the past, every task to make the rocking chair would be done by one person. Production was low, but the cost of production was high. With specialization, the cost of production is lower while the number of items produced is higher. Workers can be paid higher wages because more items will be sold in a shorter time.

Specialization will often permit workers to do the kind of work they are most qualified for, thus resulting in better workmanship because of interest. There is increase in production and, therefore, the amount of wealth and income is increased. Specialization may also cause jobs to become available for persons who may not be employed otherwise. It permits the continuous and economical use of tools and equipment. It develops a spirit of interdependence.

Comparative Advantage

A nation, company, or person is said to have a comparative advantage in producing when they have an efficiency advantage; that is, they can produce more with better quality in less time than the competitor. Also there is a cost advantage; it may cost more or less than their competitor, but they get more for the money.

We can use some examples to help show how this system works. Suppose there is an artist who paints a picture and sells it for $100. The same artist needs to have his yard work done. It takes him the same amount of time to do the yard as it takes him to paint the picture. Someone offers their services at a cost of $20 to do the yard work. The artist does both jobs well, but he gets more money for the painting than doing yard work. It is not profitable for him to do the yard work. He will be further ahead to buy the service of someone else while he paints.

Another case is of a very capable physician who is also good at answering phones and making appointments. Would it be wise for him to take time from consultation to answer the phone and make appointments, or would it be better to hire someone to do it for him?

Secondary Social Studies TITLE: Specialization and Comparative Advantage	TOPIC: Economics/Free Enterprise	Student Activity Sheet	317-223 (103) D

To the student:

1. You are the owner of a shoe company. In past years, you have employed people that would make a pair of shoes from the beginning to the end. Competition from other companies was increasing. How could you use specialization to increase your productivity? Explain your ideas by writing, discussing in a group, recording on a tape to be played back to the class, or in another way designated by the teacher.

2. The Jones Shoe Company makes fine leather shoes and gets a good price for them. However, it would be desirable for them to branch out into running shoes. The Roundy Company is now making running shoes at a lower cost than it would be for the Jones Company to install equipment and work force to manufacture running shoes. How might the Jones Company and the Roundy Company benefit from considering comparative advantage? Explain your solution in writing, by discussing with a group, recording on a tape to be played back to the class, or in another way designated by your teacher.

3. Consider a production company, real or one you make up, and tell how specialization and comparative advantage will affect their productivity and interdependence. Write your discussion, or put it on tape to be played to the group, or discuss it in a group, or some other way your teacher designates.

The students will explain what is meant by a mixed economy.
(108) (V)

Secondary Social Studies TITLE: Mixed Economy	TOPIC: Economics/Free Enterprise TIME SEGMENT: 20 minutes	317-224 (108) D

INSTRUCTIONAL OBJECTIVE:

The students will identify elements of a command economy that are found in the American economic system.

MATERIALS:

Text

EVALUATION:

Teacher assessment of student participation.

ADAPTATIONS:

Write questions on chalkboard and have students answer on paper.

PROCEDURE:

To the teacher:

1. Make certain that students understand the following concepts which are essential to understanding the concept of a mixed economy:
   a. command or directed economy-basic economic decisions are made by a central authority.
   b. free enterprise economy-people are free to go into business of choice. Decisions are made in the market place.

2. Ask students if the economy of the United States is primarily command (directed) or free enterprise. Have students explain answers.

3. Define the term "mixed economy" (an economy that has elements of both command and free enterprise).

4. Ask if the United States could be considered a mixed economy. Have students suggest elements of a command or directed economy that exist or have existed in the American economic system. For example, post office, AMTRAK, Federal Reserve Bank, wartime rationing and production, etc.

5. Ask if there are any examples of a pure economic system existent in the world. Point out that communist countries (command economics) often have small elements of free enterprise. For example, some crafts, small garden plots, etc.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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The students will list and discuss the various functions of government in the economy. (103) (V)

159

This activity will be located with objective 225

The students will differentiate between private and social goods. (103) (V)

This activity will be located with objective 225

The students will explain the advantages and difficulties of maintaining competition in the free enterprise system. (103) (V)

This activity will be located with objective 225

The students will briefly discuss the methods the government uses to help stabilize the economy and evaluate its success. (115) (V)

Secondary Social Studies	TOPIC: Economics/Free Enterprise	317-225-228
TITLE: Economic Functions of Government	TIME SEGMENT: 1 class period	(103) D

INSTRUCTIONAL OBJECTIVE:
The students will list and discuss the various functions of government in the economy. The students will differentiate between private and social goods. The students will explain the advantages and difficulties of maintaining competition in the free enterprise system. The students will briefly discuss the methods the government uses to help stabilize the economy and evaluate its success.

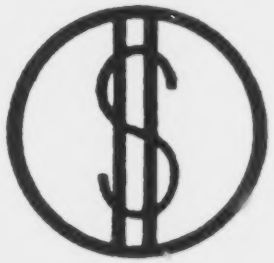
MATERIALS:
Student Information Sheet
Student Activity Sheets Pages 1-4
(Masters included)
Texts
Resource books
Newspapers
Statistical abstract of the United States

EVALUATION:

Completion of the assignments to the satisfaction of the teacher.

ADAPTATIONS:

PROCEDURE:
To the teacher:



1. Objectives 317-225 through 317-228 have been combined in this activity.

2. Students should be familiar with the terms "free enterprise" (market economy. "command or directed economy," "mixed economy," "supply and demand."

3. Student Activity Sheets have been prepared for the following topics concerning government involvement in the economy:
   - providing a legal framework
   - redistributing of income
   - providing social goods and services
   - facilitating competition
   - stabilizing the economy

4. Prepare copies of the Student Activity Sheet. Determine how you want the students to complete the sheets. Are they to select one to complete or do all of them? As an alternative the class can be divided into five groups, with each group taking one of the topics.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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193

Secondary Social Studies TITLE: Economic Functions of Government	TOPIC: Economics/Free Enterprise	Student Information Sheet	317-225-228 (103) D

America has a mixed economy. Even though it is considered a free enterprise system, it has elements of a command or a directed economic system. Government decisions related to the economy play an important role in our system. The roles played by the government are often controversial. Some people feel strongly that government economic activity is a threat to free enterprise while others feel government should play an even more active role. Below are some of the functions of government in the economy:

1. Providing a legal framework for the economic system.
2. Facilitating competition.
3. Redistributing income or wealth.
4. Providing social goods and services.
5. Stabilizing the economy.

To the student:

Providing a Legal Framework for the Economic System

Free enterprise does not mean that businesses are free to do whatever they please. Just as there are laws to govern the conduct of individuals, laws have been passed to regulate business behavior as well. Governmental regulation is controversial. Many feel there is too much interference by government. Others feel government involvement is necessary to protect the public interest.

Using your text and other resources, complete the following activities:

1. Find out the different ways government attempts to regulate business. What are the reasons for these regulations?

2. If possible, interview several local business people. Find out the kinds of regulations or laws that affect their businesses. Ask which of the regulations or laws do they consider necessary and which could be eliminated and why.

Write a page for each of questions 1 and 2.

Redistributing of Income

In a free market economy, great differences in wealth can be found. The system benefits most those who have ability and ambition and skills needed to produce the goods or services desired by consumers. The system, on the other hand, can penalize those who have less ability, ambition or education.

Government officials have decided that it is in the best interest of all those who are least able or unable to compete in the economic system to receive some kind of assistance. Therefore, the government, through taxes, takes tax money and gives it through various social welfare programs to the less fortunate.

Such programs are often subject to much debate. Write a response to each question.

1. Find out which kinds of social welfare or public assistance programs are available in the state.

2. Find out what the elegibility requirements are.

3. Identify the arguments for and against such programs.

4. Identify any alternatives to government sponsored welfare or assistance programs.

Providing Social Goods and Services

In out country people have usually been willing to help one another. In times past they would often help each other with tasks such as building houses, raising barns, and harvesting crops. Such activities required cooperative effort, because the job was more than one could do. Today we usually hire the help we need for those kinds of activities, but there are still areas in which we need help and it cannot be provided by private business. If is in this area that the government provides the services. Social goods and services are those things people need and are not provided for through private industry. Government must then provide them. An example is national defense.

Using your text and other resources, complete the following:

1. Write, in your own words, a definition of social goods and services.
2. Write a definition of private goods and services.
3. Make a list of some of the social goods and services that are available within your community or state. Evaluate each and determine if it is feasible and desirable for private industry to provide the service. Give reasons for your decision.

Facilitating Competition

Competition is thought to be a good thing. It is encouraged in many areas of living. Success is often measured by competitive standards. In business, the primary goal is to make as much profit as possible. Since there are undoubtedly others in the same kind of business, the attempt at making large profits can be very challenging. Competition is the effort of many independent firms in a particular business to attract customers.

Competition provides advantages to the consumer. It often encourages quality goods and services at better prices than would be available without competition.

Certainly it is to the advantage of a country to maintain competition in a free enterprise system; however, maintaining such a system is not without difficulties. Write an answer to each of the following questions:

1. List what you believe to be the advantages of maintaining competition in the free enterprise system.

2. What are some of the difficulties involved in maintaining competition?

3. Do you feel that you personally benefit from an economic system that is based on competition? Explain.

Stabilizing the Economy

Economic conditions are always changing. The market system usually fluctuates between prosperity and depression. The government, as a result of the Great Depression, has been given the responsibility of initiating policies to prevent the extreme fluctuations in the economy. In this activity you are to identify and evaluate some of the methods government uses to stabilize the economy. Write an answer to each question.

1. What are some of the factors that cause the economy to fluctuate?

2. Explain some of the methods the government uses to stabilize the economy.

3. Evaluate the methods you identified in question #2. How successful do you think the methods have been? Why?

4. Survey newspapers and news magazines to determine, from their articles, what actions the government is currently taking to stabilize the economy.

5. Explain how inflation and depression can affect the lives of people.

6. If possible, interview several people who lived through the Great Depression. Ask how it affected the lives of people.

The students will list and define the several taxes used to help finance government expenditures. (102)

Secondary Social Studies TITLE: Taxes	TOPIC: Economics/Free Enterprise TIME SEGMENT: 2 class periods	317-229 (102) D

INSTRUCTIONAL OBJECTIVE:

The students will list and define the several taxes used to help finance government expenditures.

MATERIALS:

Student Activity Sheets Pages 1-3
(Masters included)
Textbook
Reference materials
Key

EVALUATION:

The student will complete the activity sheet to the satisfaction of the teacher.

ADAPTATIONS:

The teacher may adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. Incorporate this activity into a unit on taxes.
2. Duplicate sufficient copies of the activity sheet for the group with whom you are working.
3. Set time limits for the activity.
4. Provide for class discussion.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Taxes	TOPIC: Economics/Free Enterprise	Student Activity Sheet Page 1	317-229 (102) D

To the student:

Introduction

The source of revenue for governmental expenditures is the taxpayer. It is important that people know and understand the taxes that are levied. The following are the major tax sources:

Federal Taxes	State and Local Taxes
personal and corporate income taxes	property taxes
federal estate taxes	personal and corporate taxes
federal gift taxes	sales tax
excise taxes	
customs duties	

To find out about the above taxes, complete the following guide:

Personal and Corporate Income Taxes - The federal as well as most state governments have some kind of income tax. For the federal government, income taxes are its major source of revenue. The income tax, as well as other taxes, is controversial. For example, according to some critics, the corporate income tax is a case of double taxation. As you study your text and other resources, find answers to the following questions:

1. Define
   a. gross income
   b. net income

2. For personal income taxes, how is net taxable income determined?

3. Study the following tax rate chart. What does it show as to the structure of the federal income tax?

Tax Rate Structure of the Federal Income Tax

Taxable Income After Exemptions	Personal Income Tax	Average Tax Rate Percentage
$ 1,000	$ 140	14.0
$ 2,000	$ 290	14.5
$ 3,000	$ 450	15.0
$ 4,000	$ 620	15.5
$ 8,000	$ 1,380	17.2
$ 16,000	$ 3,260	20.4
$ 32,000	$ 8,660	27.1
$ 44,000	$ 14,060	32.0
$ 100,000	$ 45,180	45.2
$ 200,000	$ 110,980	55.5
$ 500,000	$ 320,980	66.0
$ 1,000,000	$ 670,980	67.1
$10,000,000	$6,970,980	69.7

4. The formula for figuring corporate taxes is as follows:
First, determine 22 percent of the first $25,000 of annual net earnings. Then determine 25 percent of the next $25,000. Next figure 48 percent of all net earnings above $50,000. The total of the three will be the tax.

   If a corporation had net annual earnings of $150,000, how much tax would have to be paid?

5. Why do critics consider the corporate income tax a case of double taxation (taking the same money twice)?

Estate, Gift, Excise Taxes and Custom Duties

6. What is an estate tax?

7. What is the purpose of the federal gift tax?

8. What are some of the "loop holes" used to escape estate or gift taxes?

9. What is a custom duty? What exemptions are there?

10. What is an excise tax?

11. List five items that carry an excise tax.

Property Tax - Local government places a value on property that is subject to tax. This is called assessed value. The assessed valuation is a percentage set by law of the market value of the property. In Utah, for example, the assessed valuation is twenty percent (1/5) of the market value. The property tax is based on the assessed valuation and the number of mills levied by the government. If the government levies 25 mills, this means 25 mills per dollar or $25 per $1000 of assessed valuation (one mill equals 1/10 of a cent). If the assessed valuation of a piece of property is $15,500 and the tax rate is 25 mills, the tax would be $387.50 (15.5 x 25 = 387.50).

12. Given the following information on a piece of property:
    - market value = $80,000
    - assessment = 20% of market value
    - tax levy = 30 mills

    a. find the assessed valuation.
    b. find the tax rate per $1,000.
    c. determine the property tax.

Sales Tax

13. Find out what the sales tax rate is for your community. Using that figure, how much sales tax did you pay during the last week?

When you have completed the activity, put it in the place designated by your teacher.

Secondary Social Studies TITLE: Taxes	TOPIC: Economics/Free Enterprise	Answer Key	317-229 (102) D

KEY:

1. a. gross income - total amount of earned income
   b. net income - amount of income that remains after specified items are subtracted from gross income

2. Net tax income is determined by subtracting all deductions (contributions, medical costs, interest payments, certain taxes, etc.) and your exemptions from your total income.

3. The chart indicates several things:
   a. Those who have less than $1000 in taxable income pay no taxes.
   b. The tax rate is progressive. The higher the income, the higher the tax rate.

4. 22 percent of $25,000 = $5,500
   25 percent of $25,000 = $6,250
   48 percent of $100,000 = $48,000 Total Tax = $59,750

5. The corporation pays a tax on its earnings before it is paid in dividends to the stockholders. The stockholders must pay a tax on dividends.

6. Estate taxes are levied upon the estate of the deceased as it passes to his heirs.

7. In order to escape estate taxes, many people tried to give away their property before death. To discourage this, the government levies a gift tax.

8. Some people try to avoid estate or gift taxes by establishing trust funds and family foundations.

9. Custom duties are taxes paid on goods imported into the country.

10. An excise tax is placed on certain goods or services.

11. Telephone calls, air fare, gasoline, tobacco, alcoholic beverages, trucks, etc. Answers may vary.

12. a. Assessed valuation = $16,000 b. tax rate per $1,000 = 30% c. property tax = $480

13. Answers may vary.

The students will explain a balanced budget, surplus budget, and a deficit budget as they apply to government finance. (102)

Secondary Social Studies

TITLE: Government Budgets

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 1 class period

317-230 (102)

D

INSTRUCTIONAL OBJECTIVE:

The students will explain a balanced budget, surplus budget, and a deficit budget as they apply to government finance.

MATERIALS:

Student Activity Sheet (Master included)
Textbook
Reference materials

EVALUATION:

Students will explain in writing what a balanced budget, surplus budget, and a deficit budget are as applied to government finance.

ADAPTATIONS:

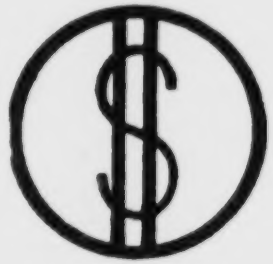
PROCEDURE:

To the teacher:

1. Integrate this activity into a unit on governmental fiscal policies. Be sure students understand the concepts before they do the activities.

2. Duplicate Student Activity Sheets or write questions on the chalkboard.

3. Set deadline for activity to be turned in.



Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Government Budgets	TOPIC: Economics/Free Enterprise	Student Activity Sheet	317-230 (102) D

To the student:

Using a textbook or other resource, answer the following questions:

1. What is a balanced budget?

2. What is a surplus budget?

3. What effect can a surplus budget have on the economy?

4. What is a deficit budget?

5. What effects can a deficit budget have on the economy?

6. What is meant by the idea that federal fiscal policy cannot be neutral?

7. What kind of budget does the federal government currently have?

8. How have recent federal budgets affected the economy?

9. What kind of budget does the state government have?

When you have completed the activity, put it in the place designated by your teacher.

The students will evaluate some of the pros and cons of the national debt. (106) (V)

Secondary Social Studies TITLE: The National Debt	TOPIC: Economics/Free Enterprise TIME SEGMENT: 2 class periods	317-231 (106) D

INSTRUCTIONAL OBJECTIVE:

The students will evaluate some of the pros and cons of the national debt.

MATERIALS:

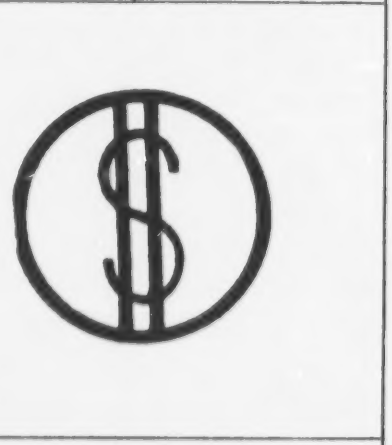
Student Activity Sheet (Master included)
Textbook
Reference materials

EVALUATION:

Students will list in writing the pros and cons of the national debt.

ADAPTATIONS:

PROCEDURE:



To the teacher:

1. Integrate into a unit on government fiscal policy.
2. Identify panelists early enough to allow them sufficient preparation time.
3. Duplicate the Student Activity Sheet or write questions on the chalkboard.
4. Prepare a round table-forum discussion on the national debt. Select participants to take different points-of-view concerning the topics. A round-table is a good procedure for informal exploration of different positions relative to the topics. Select a leader whose responsibility it will be to facilitate the activity. It will be important for the leader to have a collection of questions to use as needed to keep ideas moving. After panelists have had sufficient time to discuss the pros and cons of the issue, the leader should open the activity for audience participation. In order for this activity to be profitable, the audience as well as the panelists must be familiar with the issues. The questions on the Student Activity Sheet will provide initial background.

Introduce the techniques of a round-table forum to the class, defining the roles of the panelists and audience.

5. Work with panelists so that they understand their roles and responsibilities.
6. Set deadlines and other ground rules for the activity.
7. Assess effectiveness of each panelist and of the audience.
8. Have students complete the Student Activity Sheet before they listen to the discussion. Provide adequate resource material for students to work from.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: The National Debt	TOPIC: Economics/Free Enterprise	Student Activity Sheet	317-231 (106) D

To the student:

Using the resource material, write an answer to each of the following questions:

1. What is meant by the term national debt?
2. Currently, how much is the debt?
3. To whom is the debt owed?
4. What is the interest on the debt?
5. What effect could it have on the economy if the debt were suddenly paid off?
6. What are the differing views concerning the debt?
7. Trace the growth of the national debt. Has there been a time when the country was free of such a debt?
8. If the current debt was equally divided among the population to pay, how much would it be?

The students will define aggregate supply and aggregate demand. (103)

211

Secondary Social Studies

TITLE: Aggregate Supply and Demand

TOPIC: Economics/Free Enterprise

TIME SEGMENT:

317-232 (103)
317-237 (103) D

INSTRUCTIONAL OBJECTIVE:

The students will define aggregate supply and aggregate demand and will identify the categories of consumption which affect the level of total income.

MATERIALS:

Student Activity Sheet
(Master included)

Answer Key

EVALUATION:

Completion of the Student Activity Sheet to the satisfaction of the teacher.

ADAPTATIONS:

The teacher may adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. Integrate this activity into an appropriate unit on the levels of spending.

2. Duplicate the Student Activity Sheet or write the activities on the chalkboard.

3. Set time limits and any other management requirements.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Aggregate Supply and Demand	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-232 (103) 317-237 (103) D

To the student:

1. Define aggregate demand.

2. What are the categories of consumption?

3. Aside from satisfying your basic needs (food, shelter, clothing) in what way do you contribute to aggregate demand?

4. Define aggregate supply.

5. List any way that you contribute to aggregate supply.

Secondary Social Studies TITLE: Aggregate Supply and Demand	TOPIC: Economics Free Enterprise	Answer Key	317-232 (103) 317-237 (103) D

1. Define aggregate demand.
   Aggregate demand is the total purchases made by the consumers, producers, the government and the buyers in foreign countries. Aggregate demand is another term for level of spending.

2. What are the categories of consumption?
   Consumers, producers, government and foreign purchases.

3. Aside from satisfying your basic needs (food, shelter and clothing), in what ways do you contribute to aggregate demand?
   Leisure and recreational activities, as a student, by using public facilities and services, such as roads, etc.

4. Define aggregate supply. Aggregate supply is the total supply of goods and services produced by the country.

5. List any way that you contribute to aggregate supply.
   Answers will vary.

The students will define and explain the importance of each of the major social accounts: Gross National Product, Net National Product, National Income, Personal Income, and Disposable Income. (103) (V)

Secondary Social Studies

TITLE: Social Accounts

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 1 class period

317-233 (103)

D

INSTRUCTIONAL OBJECTIVE:

The students will define and explain the importance of each of the major social accounts: Gross-National Product, Net National Product, National Income, Personal Income, and Disposable Income.

MATERIALS:

Student Activity Sheet
(Masters included)
Textbook
Reference materials
Answer Key

EVALUATION:

Completion of Student Activity Sheet to the satisfaction of the teacher.

ADAPTATIONS:

The teacher should feel free to adopt this activity to the needs of the class.

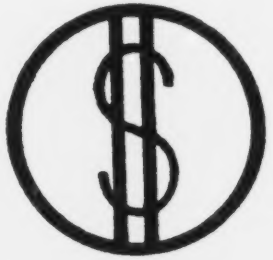
PROCEDURE:

To the teacher:

1. Integrate this activity into a unit in measuring economic progress. Provide an adequate background before assigning this activity.

2. Duplicate sufficient copies of Student Activity Sheet for those assigned to use it.

3. Set time limits and other management requirements.



Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Social Accounts	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-233 (103) D

To the student:

On a separate piece of paper complete the following activity:

1. What is meant by gross national product?
2. List four things that are excluded from the gross national product.
3. List some ways you may have contributed to the gross national product.
4. How does net national product differ from gross national product?
5. What factors are included and excluded in determining national income?
6. What is included in determining personal income?
7. How is disposable income determined?

After you complete the activity, put your paper in the place designated by your teacher.

Secondary Social Studies TITLE: Social Accounts	TOPIC: Economics Free Enterprise	Answer Key	317-233 (103) D

1. The gross national product is the dollar value of all goods and services produced in the country for a given period of time, usually a year.

2. a. Intermediate goods and services.
   b. Work that you do by yourself for yourself and others where there is no charge. (housework, helping a neighbor, etc.)
   c. Factors affecting human welfare such as leisure time, satisfaction, etc.
   d. Purely financial transactions such as social security payments.

3. Answers will vary.

4. Net national product is determined by subtracting that which is "used up" (depreciation) from the gross national product.

5. National income is the total income earned through the factors of production, which includes land, labor, management, and capital. It excludes indirect taxes that are paid.

6. Personal income includes income received by individuals or households. It includes such things as unemployment compensation, welfare, and pension payments.

7. Disposable income is determined by subtracting all taxes paid.

258

The students will illustrate the Gross National Product by using both the expenditures and income approaches. (115)

Secondary Social Studies TITLE: Determining the Gross National Product	TOPIC: Economics/Free Enterprise TIME SEGMENT: 1 class period	317-234 (115) D

INSTRUCTIONAL OBJECTIVE:

The students will illustrate the gross national product by using both the expenditures and income approaches.

MATERIALS:

Student Activity Sheet
Answer Key (Masters included)
Textbooks
Reference materials

EVALUATION:

Completion of the Student Activity Sheet to the satisfaction of the teacher.

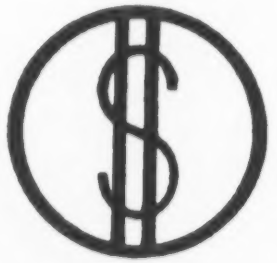
ADAPTATIONS:

The teacher may adapt this activity to meet the needs of the class.

PROCEDURE:

To the teacher:

1. Integrate the Student Activity Sheet into a unit of study concerning the gross national product.
2. Duplicate sufficient copies of the Student Activity Sheet for those assigned to use it.
3. Establish deadlines and other management requirements.



Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Determining the Gross National Product	TOPIC: Economics/ Free Enterprise	Student Activity Sheet	317-234 (115) D

To the student:

There are two basic methods for calculating the gross national product; the expenditures approach and the income approach. Your assignment is to illustrate the gross national product by explaining the two methods of calculating it.

1. The expenditures approach

2. The income approach

Expenditures Approach

This method consists of merely summing the consumption dollars of all the shoes, automobiles, bicycles, handkerchiefs, etc. Public consumption is divided into four categories: (1) household expenditures, which is given the official title of "personal consumption expenditures", (2) business consumption, which is called "gross private domestic investment", (3) government spending, which is given the title of "government purchases", and (4) purchases by foreign countries, which is called "net exports". The Gross National Product for any year can be determined by adding the dollar value of these four categories.

Income Approach

The second method of calculating the total value of the nation's Gross National Product is by summing the income generated through the production of goods and services. Income and expenditure are merely two sides of the same coin. What is income to one is an expenditure to another. Therefore, the total dollar value of one should be equal the value of the other. The components included in the income measurement of the Gross National Product are: wages and salaries, proprietors income, rental income, corporate profits and interest. In addition, there are two non-income accounts that must be included if income and expenditures totals are to be equal. They are indirect business taxes and capital consumption allowance (depreciation).

The students will explain why it is important to adjust the major social accounts to a constant dollar value when using them to measure economic progress. (115) (V)

Secondary Social Studies

TITLE: Measuring Economic Progress

TOPIC: Economics/Free Enterprise

TIME SEGMENT: One Class Period

317-235 (115)

D

INSTRUCTIONAL OBJECTIVE:

The students will explain why it is important to adjust the major social accounts to a constant dollar value when using them to measure economic progress.

MATERIALS:

Student Activity Sheet
Textbook and other resources
Answer Key

EVALUATION:

The students will complete the Student Activity Sheet to the satisfaction of the teacher.

ADAPTATIONS:

PROCEDURE:

To the teacher:

1. Integrate this activity into a unit of study concerning the measurement of economic progress.
2. Duplicate copies of the Student Activity Sheet or write questions on the chalkboard for students to copy.
3. Set time limits and other management requirements.
4. Question No. 2 may give some difficulty. It is important that students understand the term constant dollar in order to complete the objective. Few resource materials define the term. You may want to work with Question No. 2 with the total group.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Measuring Economic Progress	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-235 (115) D

To the student:

1. What is inflation?

2. What is meant by constant dollars in assessing economic progress?

3. Why is it important to adjust the major social accounts to a constant dollar value when measuring economic progress?

4. Very often economists will use the day a new president is inaugurated as the base for measuring economic progress during the administration. Try and find out the economic progress that has occurred in constant dollars since the current president has been in office.

Secondary Social Studies TITLE: Measuring Economic Progress	TOPIC: Economics Free Enterprise	Answer Key	317-235 (115) D

1. What is inflation?

   Inflation is a decrease in the purchasing power of money. It usually occurs when the total demand for goods and services is greater than the supply available. This results in a shortage and an increase in prices.

2. What is meant by constant dollars in assessing economic progress.

   In order to account for inflation, economic progress is measured by using constant dollars. Constant dollars are determined simply by choosing a year to be used as a base for measurement. If, for example, 1974 is selected, then the dollar for that year is the standard for measurement. In assessing economic progress in the years following 1974, it will be in terms constant 1974 dollars. This will indicate how much of the economic change is due to inflation or real progress.

3. Why is it important to adjust the major social accounts to a constant dollar value when measuring economic progress?

   Unless adjustments are made for inflation, it is possible to show an increase in the dollar value of the total output (GNP) without actually having an increase in productivity. Inflation will indicate growth when actually no growth has taken place. It is therefore necessary to account for inflation in order to get an accurate picture of the social accounts.

4. Very often economists will use the day a new president is inaugurated as the base for measuring economic progress during the administration. Try and find out the economic change that has occurred in constant dollars since the current president has been in office.

   Answers will vary according to president and year.

The students will explain the importance of population growth as the standard of living is considered. (604) (V)

Secondary Social Studies

TITLE: Standard of Living

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 2 class periods

317-236 (604) D

INSTRUCTIONAL OBJECTIVE:

The students will explain the importance of population growth as the standard of living is considered.

MATERIALS:

Student Activity Sheet
Answer Key
(Masters included)
Textbook
Reference books

EVALUATION:

Completion of activity to satisfaction of the teacher.

ADAPTATIONS:

The teacher should feel free to adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. Integrate this activity into an appropriate unit such as one on economic growth and stability. Provide a proper background before the activity is assigned.

2. Duplicate sufficient copies of the activity sheet for those assigned to use it.

3. Establish deadlines and other management procedures.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Standard of Living	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-236 (604) D

To the student:

On a separate piece of paper complete the following activity:

1. The term "standard of living" is defined two ways. What are the two definitions?
   a.

   b.

2. Does everyone in a nation have about the same standard of living? Explain your answer.

3. How do some economists estimate a nation's standard of living?

4. Identify a country that has a very high population growth rate and one that has a declining population. Find out what effect, if any, population growth factors have on standard of living. Write them down.

After you complete the activity put your paper in the place designated by your teacher.

Secondary Social Studies TITLE: Standard of Living	TOPIC: Economics Free Enterprise	Answer Key	317-236 (604) D

1. a. The economic level at which a nation, family, or individual lives. It is the quality and quantity of the goods and services they are able to buy.
   b. It is the goals people may have set as to a standard for living (the consumption of goods and services and the availability of leisure).

2. No nation has a standard of living that is about the same for everyone. The standard of living varies within a country in that some people, because of wealth are able to provide a higher standard of living as far as material things are concerned. The quality of the standard of living also varies within a country. The quality is not necessarily determined by wealth.

3. Some economists estimate the standard of living by determining the percentage of income most of the residents must pay for food. The higher the percentage the lower the standard of living.

4. Answers will vary.

This activity will be located with objective 317-232

The students will identify the categories of consumption which affect the level of total income. (103)

The students will explain the multiplier principle as pertaining to income, consumption, and savings. (103)

This activity will be located with objective 317-238

The students will calculate the marginal prospensity to save. (103)

This activity will be located with objective 317-238

The students will compute the multiplier and explain its use once it has been determined. (103)

Secondary Social Studies

TITLE: Multiplier

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 1 class period

317-238 (103)
239, 240
D

INSTRUCTIONAL OBJECTIVE:

The students will compute the multiplier and explain its use once it has been determined.

MATERIALS:

Student Activity Sheet
Textbooks
Other references
Answer Key

EVALUATION:

Completion of the activity to the satisfaction of the teacher.

ADAPTATIONS:

Teacher may adapt this activity to meet the needs of the class.

PROCEDURE:

To the teacher:

1. Integrate this activity into a unit of study on GNP or national income and spending.

2. Duplicate Student Activity Sheets or write questions on chalkboard.

3. Set time limits and other management requirements.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Multiplier	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-238 (103) 239, 240 D

To the Student:

1. Define marginal propensity to consume and marginal propensity to save.

2. What is the multiplier effect?

3. Calculate the multiplier for the following:

   a. of $1,000,000 the MPC is $500,000.

   b. of $1,000,000 the MPS is $250,000.

4. How is the multiplier used?

Secondary Social Studies TITLE: Multiplier	TOPIC: Economics Free Enterprise	Answer Key	317-238 (103) 239, 240	D

1. Define marginal propensity to consume and marginal propensity to save.
   a. marginal propensity to consume tells the amount of any change in income that is spent.
   b. marginal propensity to save tells the per cent of a change in income that is saved.

2. What is the multiplier effect?
   An increase in the demand for goods and services may result in a total increase in production which is much greater than the original increase in demand.

3. Calculate the multiplier for each of the following:
   a. of $1,000,000 the MPC is $500,000

$$\frac{500,000}{1,000,000} = \frac{1}{2}, \quad 1 - \frac{1}{2} = \frac{1}{2}$$

   reciprocal of 1/2 is 2/1 or 2, multiplier = 2

   b. of $1,000,000 the MPS is $250,000.

$$\begin{array}{r} \$\ 100,000 \\ -\ 25,000 \\ \hline 750,000 \text{ MPC} \end{array} \qquad \frac{750,000}{1,000,000} = \frac{3}{4},$$

   1 - 3/4 = 1/4, reciprocal of 1/4 is 4/1 or 4, multiplier = 4

4. How is the multiplier used?
   The multiplier is used to multiply the original change in consumption figures. The answer will show the change in income that will be generated within the economy.

The students will define money and explain its basic function. (103)

317-242
This activity will be located with objective 241

The students will identify the basic kinds of money in the American economy (coins, paper money, and demand deposits) and explain the importance of each. (103)

Secondary Social Studies

TITLE: Money

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 1 period

317-241,242 (103)

D

INSTRUCTIONAL OBJECTIVE:

The students will define money and explain its basic function.

The students will identify the basic kinds of money in the American economy (coins, paper money, and demand deposits) and explain the importance of each.

MATERIALS:

Student Information Sheets Pages 1,2
Student Activity Sheet
(Masters included)
Textbook (economics)
Example of paper currency

EVALUATION:

Students will identify basic kinds of money and be able to explain the importance of each.

ADAPTATIONS:

Have a bank representatibe tell the class about the many ways of handling demand deposits, or take the class to the bank and inquire about the various ways.

PROCEDURE:

To the teacher:

1. Give the students the student information sheets.
2. Have the students examine a paper bill.
3. Have the students answer the following questions about the paper bill:
   a. Which Federal Bank issued the bill?
   b. What two government officials signatures are on the bill?
   c. What is the largest denomination printed by our government?
   d. Where is the following information located on paper currency?
      1. the bank seal
      2. serial number
      3. district number
      4. check letter and plate check number
      5. series
      6. check letter and quadrant number
4. Have the students define currency by comparing it with the type of currency used in the early history of the United States. Explain why today's society needs government-made money.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Money	TOPIC: Economics/Free Enterprise	Student Information Sheet Page 1	317-241-242 (103) D

Money is a medium of exchange. The users of money must all accept its value in buying and selling goods and services. Money is a great convenience.

Imagine what it would be like if you had to trade your goods such as books, chairs, etc. (for the other goods such as movie tickets, clothes, etc.)

Money is used as a standard of value--a way of comparing the value of things that are bought and sold. For example, a book costs $5.98, a set of dishes $60.00, while a hamburger is $.75. These three items all may be compared by the amount of money they cost.

Finally, money is a store of value--a way of storing wealth. Because it is a medium of exchange, money is valued by most people. A young man who works in a machine shop may want to save part of his earnings each week. It would be difficult for him to save if he were paid in nuts or bolts. Since he is paid in money he can put some in savings. Later, if he wishes, he can use his money for something special such as a car, a motorcycle, or a trip abroad.

To serve our needs in a modern economy, money must have certain qualities. First, it must be accepted by its users as a medium of exchange. Second, it must be scarce--naturally scarce like gold or silver, or scarce because it is controlled, usually by governments. Third, it must be convenient, that is, easy to count, long-lasting, and easy-to-handle.

Almost anything can serve as money. People's willingness to accept certain product as money gives money its value in exchange. In the United States, small pieces of paper engraved with faces of presidents or stamped with the number of bank accounts have little value in themselves. But, because these papers can be exchanged for food, clothes, or an automobile, they are as valuable as the things for which they are exchanged.

Most people are willing to work to earn money. They accept money as wages because they know they can exchange it for the things they need. Confidence in money is very important. When people lose confidence in money, it becomes just what it is--paper with printing on it.

Most people agree that the money supply consists of all paper currency, coins, and checking accounts. The money in a checking account is known as a demand deposit. Demand deposits are counted as part of the money supply because the owner of a checking account can get his money "on demand" by cashing a check. Since a dollar bill, four quarters, and a personal check for a dollar serve the same purpose, they all combine to make up the supply of money in our economy. United States money supply was approximately $332.5 billion in October of 1977.

Currency is Money

Currency is government-made money. The government puts out or issues two types of currency--coins and paper money. The United States Mint makes our coins, and the Bureau of Engraving and Printing prints our paper money.

Coins---- Coins range in value from one cent to one dollar. They serve as a convenience for making change. At any one time in the United States, approximately 10 billion dollars worth of coins are in use. This represents about 3 percent of the total money supply in our country.

The metal in most coins is worth far less than their real value. Why are our coins valuable?

Paper money--Approximately 23 percent of our total money supply is in the form of paper money. After the government prints the money, it is put into circulation through the 12 Federal Reserve Banks. Paper money comes in various denominations--of one dollar, two dollars, five dollars, ten dollars, twenty dollars, fifty dollars, and so on.

Demand Deposits Are Money

The safety and convenience of using checks have made demand deposits the most important type of money. Most people today deposit some of their money in bank checking accounts rather than carrying cash. Approximately 75 percent of the total money supply in the United States is in demand deposits.

Secondary Social Studies TITLE: Money	TOPIC: Economics/Free Enterprise	Student Activity Sheet	317-241,242 (103) D

To the student:

1. Read the student information sheet.
2. Select any denomination of paper bill. Answer the following questions about the paper bill:
   a. Which federal bank issued the bill?
   b. What two government official signatures are on the bill?
   c. What is the largest denomination of a bill printed by the United States government?

   d. Where is the following information located on paper currency?
      1. the bank seal
      2. the serial number
      3. the district number
      4. the check letter and plate check number
      5. the series
      6. the check number and quadrant number
3. Define currency by comparing today's currency with the type of currency used in the early history of the United States. Why do we need government made money?
4. Get the answer key from the teacher to be sure that you have located the correct information on the paper currency.

The students will identify the component parts of the Federal Reserve System and discuss the roles of each. (103)

Secondary Social Studies

TITLE: The Federal Reserve System

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 30 to 60 minutes

317-243 (103)

D

INSTRUCTIONAL OBJECTIVE:

The students will identify the component parts of the Federal Reserve System and discuss the roles of each.

MATERIALS:

Student Information Sheet
Student Activity Sheet (Masters Included)
Economic textbooks
Other economic resources

EVALUATION:

Students will identify in writing the component parts of the Federal Reserve System and be able to identify the role each plays to the satisfaction of the teacher.

ADAPTATIONS:

The teacher should feel free to adapt this activity to the needs of the class.

PROCEDURE:

To the teacher:

1. Duplicate enough Student Information Sheets for the class.

2. After students have a background of the Federal Reserve System as gained from reading and class discussions, assign them to read the Student Information Sheet and do the Student Activity Sheet.

3. You may wish to invite a local banker in as a resource person to discuss the role of the Federal Reserve System in banking.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: The Federal Reserve System	TOPIC: Economics/Free Enterprise	Student Information Sheet	317-243 (103) D

Until the year 1913 the commercial banks of the United States operated independently of one another. In 1913, Congress established the Federal Reserve System to serve as a coordinator of the money and banking functions in the country.

The Federal Reserve System is the central banking organization of the United States. It influences the flow of credit and money. In general the duties of the Federal Reserve System are (1) to maintain a monetary system that will meet the needs of American business, and (2) to do what it can to keep our money sound in value.

Secondary Social Studies TITLE: The Federal Reserve System	TOPIC: Economics/Free Enterprise	Student Activity Sheet	317-243 (103) D

To the student:

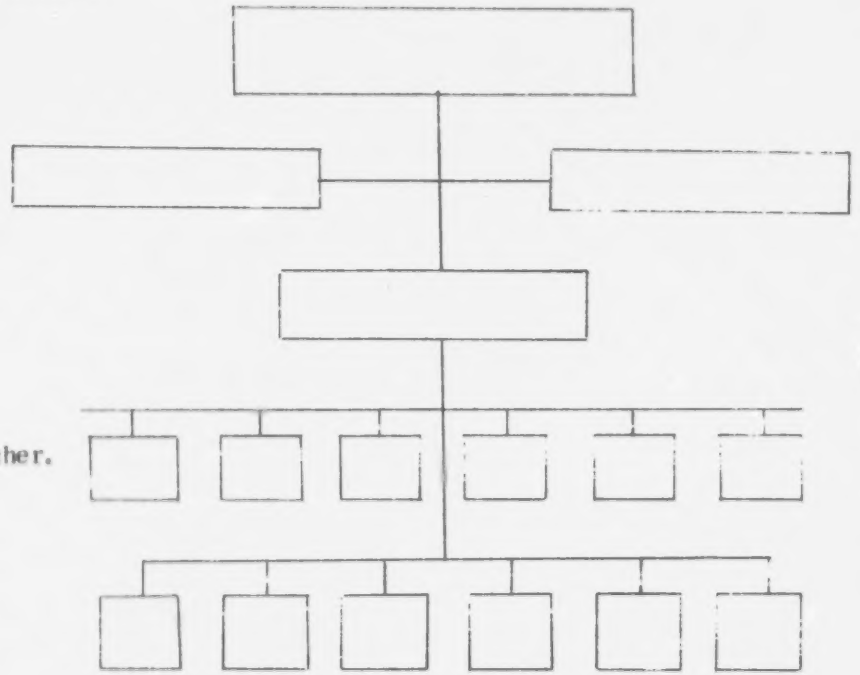
1. Read in your economic textbook and two other sources, i.e., encyclopedias, magazines, or other books about the Federal Reserve System.

2. Fill in the blank boxes of the chart with the correct organizational parts that make up the Federal Reserve System.

3. Also print in the cities where the twelve Federal Reserve Banks are located.

4. On a separate piece of paper, write a short paragraph describing:
   a. The purpose of the Federal Reserve System
   b. The function or role of each of the Federal Reserve System

5. After you finish this activity, put your paper in the place designated by your teacher.



The students will make appropriate entries on a bank balance sheet when a bank makes a loan and when the check is cleared through the associated banks. (103)

Secondary Social Studies

TITLE: Clearing a Check

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 15 minutes

317-244 (103)

D

INSTRUCTIONAL OBJECTIVE:

The students will make appropriate entries on a bank balance sheet when a bank makes a loan and when the check is cleared through the associated banks.

MATERIALS:

Student Activity Sheets Pages 1,2
(Masters included)
Reference materials
Textbook
Answer key

EVALUATION:

Accurate completion of the balance sheets 2-4.

ADAPTATIONS:

PROCEDURE:

To the teacher:

1. This activity should be integrated into a unit on money and banking. Students should be familiar with the function of the Federal Reserve System.

2. Duplicate sufficient copies of the Student Activity Sheet.

3. This activity can make an adequate assessment exercise to see if students understand the process a check goes through.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Clearing a Check	TOPIC: Economics/Free Enterprise	Student Activity Sheet Page 1	317-244 (103) D

Mr. Mark Wells, vice president of the Lakeside Department Store, comes to the Lake City Bank and wants to borrow $21,500. Knowing that the department store is sound financially and a good credit risk, the bank grants the loan. Since the store intends to pay its bills by check rather than cash, the bank makes the money available by creating a $21,500 demand deposit. The bank now has a new asset (the note signed by Mr. Wells) and a new liability (the $21,500 balance in the Lakeside Department Store's demand deposit account). After completing the loan, how will the bank's balance sheet appear?

Complete Balance Sheet 2. (Balance Sheet 1 gives the bank's financial status prior to the loan.)

BALANCE SHEET 1
Lake City Bank

Assets		Liabilities and Net Worth	
Cash	0	Demand Deposits	$ 2,000
Property	$25,000	Capital Stock	$60,000
Reserves	$37,000		

BALANCE SHEET 2
Lake City Bank

Assets		Liabilities and Net Worth	
Cash	0		
Loans	$	*Demand Deposits	$
Property	$	Capital Stock	$
Reserves	$		

Mr. Wells borrowed the money because the store needed to purchase some new equipment from the Seagull Office Supply Company. Mr. Wells pays the office supply company by writing a check for $21,500. The Seagull Office Supply Company deposits the check in its account at Citizen Bank. Citizen Bank sends the check to the Federal Reserve Bank for collection and clearance. After this transaction has been completed, how will Citizen Bank's balance sheet appear?

Complete Balance Sheet 3.

BALANCE SHEET 3
Citizen Bank

Assets		Liabilities and New Worth	
Reserves	$	*Demand Deposits	$

The Federal Reserve Bank returns the check to the Lake City Bank, and the Lake City Bank reduces the demand deposit account of the Lakeside Department Store by the $21,500. But its reserve account with the Federal Reserve Bank is also decreased by the $21,500. After the check is cleared through the Lake City Bank, how will its balance sheet appear? Complete Balance Sheet 4.

BALANCE SHEET 4
Lake City Bank

Assets		Liabilities and New Worth	
Cash	0		
Loans	$	*Demand Deposits	$
Property	$	Capital Stock	$
Reserves	$		

BALANCE SHEET 1
Lake City Bank

Assets		Liabilities and Net Worth	
Cash	0		
*Loans	$21,500	*Demand Deposits	$23,500
Property	$25,000	Capital Stock	$60,000
Reserves	$37,000		

*Accounts Affected

BALANCE SHEET 3
Citizen Bank

Assets		Liabilities and Net Worth	
*Reserves	$21,500	*Demand Deposits	$21,500

*Accounts Affected

BALANCE SHEET 4
Lake City Bank

Assets		Liabilities and Net Worth	
Cash	0		
Loans	$21,500	*Demand Deposits	$ 2,000
Property	$25,000	Capital Stock	$60,000
*Reserves	$15,500		

*Accounts Affected

The students will describe the quantitative and qualitative controls of monetary policy. (103) (V)

Secondary Social Studies

TITLE: Controls on Monetary Policy

TOPIC: Economics/Free Enterprise

TIME SEGMENT: half-hour

317-245 (103) D

INSTRUCTIONAL OBJECTIVE:

The students will describe the quantitative and the qualitative controls of monetary policy.

MATERIALS:

Student Activity Sheet
Textbook
Other references
Answer Key

EVALUATION:

Completion of the activity to the satisfaction of the teacher.

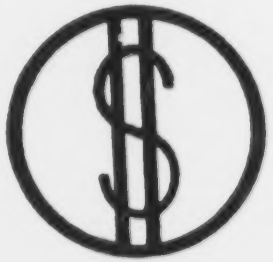
ADAPTATIONS:

Teacher may adapt this activity to meet the needs of the class.

PROCEDURE:

To the teacher:

1. Integrate this activity into a unit on policies to stabilize the economy.
2. Duplicate the Student Activity Sheet or, preferably, write the two questions on the chalkboard.
3. Set time limits and other management requirements.



Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Controls on Monetary Policy	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-245 (103) D

To the student:

Monetary policy is divided into two areas - quantitative controls and qualitative (selective) controls.

1. Describe quantitative controls.

2. Describe qualitative controls.

Secondary Social Studies TITLE: Controls on Monetary Policy	TOPIC: Economics Free Enterprise	Answer Key	317-245 (103) D

Monetary policy is divided into two areas - quantitative controls and qualitative (selective) controls.

1. Describe the quantitative controls of monetary policy.
   Quantitative controls are general in nature in that they seek to change the total quantity of back credit. This can be done by the Federal Reserve system
   - raising the reserve requirement of member banks.
   - raising the discount rate charged member banks for "new money".
   - selling government bonds on the open market (open market operations).

2. Describe the qualitative (selective) controls of monetary policy.
   Qualitative controls are used when the Federal Reserve feels a particular area of the system needs curtailment or stimulation; it can increase or decrease the maximum percentage that can be borrowed for purchasing securities (margin requirement); it can change the interest rate ceilings that commercial banks may pay (Regulation Q); it can persuade banks to employ either conservative or liberal policies depending on the condition of the economy (Moral Suasion).

The students will identify fiscal policy controls and make decisions relative to appropriate stabilizing policies. (105) (V)

353

This activity will be located with objective 317-246

The students will differentiate between discretionary and nondiscretionary fiscal policy. (103)

Secondary Social Studies TITLE: Fiscal Policy	TOPIC: Economics/Free Enterprise TIME SEGMENT: 1 - 2 class periods	317-246 (105) 247 (103) D

INSTRUCTIONAL OBJECTIVE:
The students will define fiscal policy and will differentiate between discretionary and non-discretionary policies.

MATERIALS:

Student Activity Sheet
Textbook
Other reference materials
Answer Key

EVALUATION:

Completion of the activity to the satisfaction of the teacher.

ADAPTATIONS:

Teacher may adapt this activity to meet the needs of the class.

PROCEDURE:
To the teacher:

1. Integrate the activity into a unit on economic stabilization policies.
2. Duplicate the Student Activity Sheet, or write questions on the chalkboard.
3. Set time limits and other management procedures.

Evaluation and Comments on Activity:

Students: _____

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Teacher: _____

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Secondary Social Studies TITLE: Fiscal Policy	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-246 (103) 317-247 (105) D

To the student:

1. What is meant by the term fiscal policy?

2. What is meant by discretionary fiscal policy?

3. What is meant by non-discretionary fiscal policy?

4. Assess the current economic situation and give examples of discretionary and/or non-discretionary fiscal policies at work. Do you agree with what is being done? Explain.

Secondary Social Studies TITLE: Fiscal Policy	TOPIC: Economics Free Enterprise	Answer Key	317-246 (103) 317-247 (105) D

1. What is meant by the term fiscal policy?
   Fiscal policy consists of various methods in which the government has of spending funds and taxing to provide balance to the economy.

2. What is meant by discretionary fiscal policy?
   Discretionary fiscal policy is deliberate changes in government spending and taxation by congress in order to offset extremes in business fluctuations.
   Government may -
   - -increase expenditures on public work programs
   - -increase welfare, unemployment compensation, social security payments, etc.
   - -vary the tax rate.

3. What is meant by non-discretionary fiscal policy?
   Non-discretionary fiscal policy consists of automatic changes in government expenditures and taxation. For example, as production increases unemployment decreases and incomes rise, less money automically goes into programs such as welfare payments and unemployment benefits. The rise in income automatically moves people into higher income tax brackets.

4. Assess the current economic situation and give examples of discretionary and/or non-discretionary fiscal policies at work. Do you agree with what is being done? Explain. (answers will vary)

The students will identify problem areas of the market and planned economic systems as they seek to satisfy the economizing questions. (103) (V)

Secondary Social Studies

TITLE: Problems of Market and Planned Economics

TOPIC: Economics/Free Enterprise

TIME SEGMENT: 1 class period

317-248 (103)

D

INSTRUCTIONAL OBJECTIVE:

The students will identify problem areas of the market and planned economic systems as they seek to satisfy the economizing questions.

MATERIALS:

Student Activity Sheet
(Master included)
Textbook
Other reference materials

EVALUATION:

The students will complete the activity to the satisfaction of the teacher.

ADAPTATIONS:

The teacher may adapt this activity to meet the needs of the class.

PROCEDURE:

To the teacher:

1. Integrate this activity into a unit on comparing a free market system with one that is centrally planned.
2. Duplicate the Student Activity Sheet or write questions on the chalkboard.
3. Establish time limits and other management requirements.
4. Because of the variety of responses question #3 can generate, it is important that all three discussion questions be a basis for each group discussion. During discussion time, as students give problems they have identified, have them identify why they consider the item identified as problems.

KEY:

1. What is meant by the term economizing questions?
   These questions have to do with the effective utilization of resources so that they will produce the most of the things they want.
2. What are the economizing questions?
   a. How is production organized?
   b. What is to be produced?
   c. What resources are to be used?
   d. How are the resources to be used?
   e. How are goods and services to be distributed?
3. Identify the problem areas of the market and planned economic systems as they relate to the economizing questions.
   Because of the complexity of the content concerning this question, answers will vary.

Evaluation and Comments on Activity:

Students: _____

_____

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Teacher: _____

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Secondary Social Studies TITLE: Problems of Market & Planned Economics	TOPIC: Economics Free Enterprise	Student Activity Sheet	317-248 (103) D

To the student:

1. What is meant by the term "economizing questions?"

2. What are the economizing questions?

3. Identify problem areas of the market and planned economic systems as they relate to the economizing questions.